

*Retirement  
Changes*

22 MAR 1983

NOTE FOR: Deputy Director of Personnel

STAT FROM:   
Chief, Legislation Division, OGCSUBJECT: Social Security Reform/Federal  
Retirement Legislation

Attached is a paper which I hope will help us organize our thoughts in preparation for the meetings which we plan to hold with SSCI and HPSCI staffs. The alternative recommendations are not meant to be exhaustive, nor are they necessarily mutually exclusive. I have enclosed several copies for your staff. I hope this will be helpful.

STAT



Attachments

STAT cc: General Counsel  

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Agency Strategy Regarding  
Social Security Reform/Federal  
Retirement Legislation

The Agency has adopted the following strategy in connection with pending and expected future legislation on Social Security reform and federal retirement system changes:

- There was no concerted effort to seek an amendment to the Social Security reform legislation (H.R. 1900/S. 1) to exempt CIA personnel entering on duty subsequent to 1 January 1984 from coverage under the Social Security system.
- Chances of achieving such an amendment were so remote that efforts in this area simply did not justify the risk of adverse reaction from congressional proponents of the legislation and from the White House.
- There was no effort to pursue in the context of the Social Security reform legislation an amendment to deal with security problems arising from the future integration of intelligence personnel into Social Security records systems and data bases.
- Although this is an important subject, surfacing the amendment in the context of the Social Security reform legislation would have detracted from the utility of this issue in connection with the strategy discussed below.
- House and Senate Intelligence Committee staffs will be asked to hold further informal sessions at which we can elaborate on our concerns and recommendations in the Social Security/federal retirement areas.
- At these sessions we would focus on the adverse operational and security implications of the Social Security reform/federal retirement proposals, with particular emphasis on the negative impact of increases in the retirement age. We would then recommend legislative action; the material which appears below is designed to explore the implications of various alternative recommendations.

(1) We could recommend that the Social Security Act (as amended by the reform legislation) be amended via a provision in the FY 1984 Intelligence Authorization Bill or by separate legislation to exempt new (i.e., post 1 January 1984) CIA employees from Social Security coverage. New CIA employees would go into the Civil Service Retirement System (CSRS).

-- No amendments to CIARDS would be necessary, because section 252 of CIARDS gives us authority to transfer contributions from CSRS to CIARDS. CIARDS would stay essentially as it is.

-- If CIA were to achieve this kind of exemption from Social Security, new CIA employees eventually would be the only new employees in the entire federal government entering the CSRS\*, and ultimately the CSRS would consist only of CIA employees. One of the goals of the Social Security reform legislation is to seal off the CSRS so that it will eventually disappear, leaving Social Security and the new supplemental retirement plan to cover federal government workers who enter on duty after 1 January 1984. It thus seems doubtful that the Congress would want to keep the CSRS alive just for CIA employees.

-- New as well as current CIA employees in CSRS who did not become CIARDS participants would remain subject to deleterious changes in the CSRS, which would be increasingly likely in the future, as the number of participants and the importance of the CSRS gradually diminished. It would be necessary for the Agency to continually seek exemptions to such changes for these employees.

\* Employees who had been in CSRS, left government service, but returned within a year would be able to re-enter the system, but this would apply only to employees who had been in CSRS prior to 1 January 1984.

- (2) We could recommend that CIARDS be amended to encompass either all current and future Agency employees, or, alternatively, all employees entering on duty after 1 January 1984; that all CIARDS participants be covered exclusively under that system (i.e., not by Social Security); and that CIARDS be restructured to provide different benefits for varying types of service. Under either version of this proposal, Agency employees entering on duty after 1 January 1984 would be covered by a two-tiered retirement program essentially similar to that now provided for current Agency employees by the CSRS and CIARDS as these systems now exist. Either version of this proposal could be sought as part of the FY 1984 Intelligence Authorization Bill or as separate legislation.

If an amendment to CIARDS is sought which would encompass all current and future Agency employees under a new two-tiered CIARDS then:

- A direct exemption from the Social Security Act would not be necessary, because our new system could be created by legislation amending CIARDS to make it the exclusive plan for CIA personnel and using "notwithstanding any other law" language. \*
- A decision would have to be made as to what degree of conformity and what conforming mechanism, if any, we would want to have between the amended CIARDS and the CSRS.
- The authorization and appropriation line item for CIARDS would increase immediately and dramatically.

If an amendment to CIARDS is sought which would bring in only new employees to the new two-tiered CIARDS, then:

- All current non-CIARDS employees would remain under the CSRS, potentially subject to changes in that system to which we could not secure exemptions, unless they were eventually to exercise a yet to be enacted option to convert to the new Social Security/Independent Supplemental Retirement Plan program (SS/ISRP).

\* It might be necessary to make this new CIARDS elective for current employees who preferred to remain in CSRS.

(3) We could recommend an amendment to CIARDS or to the Social Security Act which would allow transfer of Social Security contributions to CIARDS just as CSRS contributions currently are transferred to CIARDS.

-- This would enable post 1 January 1984 employees who eventually qualified for CIARDS as it now exists to leave Social Security; it would not affect new employees who did not qualify for CIARDS; they would continue to be covered by Social Security plus the ISRP.

-- Before making this suggestion we ought to be certain that CIARDS will in fact be a better deal than SS/ISRP, especially if we are successful in getting special intelligence personnel provisions into the ISRP.

(4) We would seek firm assurances that the Intelligence Committees will work with us to ensure that special CIA provisions, especially concerning retirement age, are included in the ISRP which is supposed to complement Social Security coverage for government employees entering on duty after 1 January 1984.

- We would seek special ISRP provisions for all post 1 January 1984 CIA employees, recognizing that the fall-back position would be special provisions for the kinds of people who now qualify for CIARDS.
- If none of the proposals regarding CIARDS discussed above or below comes to fruition, current CIARDS would gradually phase out over the lifetime of current participants and current employees in CSRS who eventually become eligible for participation in CIARDS.
- We could suggest making CIARDS the supplemental plan for those who qualify. This would preserve CIARDS, but the problem is that this would mean Social Security plus CIARDS for post 1 January 1984 employees who qualify, with a very large retirement deduction.

- (5) Finally, we would point out that our concerns about Social Security reform are equally applicable to changes which have been proposed for the Civil Service and other current federal retirement programs, particularly insofar as provisions which would raise retirement ages and impose annuity penalties for "early" retirement are concerned. We would ask for a commitment to help us maintain, at the least, our ability to offer our operational cadre retirement with full benefits at age 50.